

Financial Results Presentation

Q4 FY14: Quarter ended 31 March 2014



15 May 2014
Chua Sock Koong
Group CEO

Forward looking statement – important note

The following presentation contains forward looking statements by the management of Singapore Telecommunications Limited ("SingTel"), relating to financial trends for future periods, compared to the results for previous periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of SingTel. In particular, such targets should not be regarded as a forecast or projection of future performance of SingTel. It should be noted that the actual performance of SingTel may vary significantly from such targets.

“S\$” means Singapore dollars and "A\$" means Australian dollars unless otherwise indicated. Any discrepancies between individual amounts and totals are due to rounding.



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Group: Resilient performance despite currency headwinds

Q4 FY14	% change (reported)	% change (constant curr) ¹	Explanation
Operating revenue S\$4,128m	-8%	-1%	<ul style="list-style-type: none"> › Strong revenue growth in Singapore › Lower Australian mobile service revenue and equipment sales
EBITDA S\$1,297m	-9%	-2%	<ul style="list-style-type: none"> › Strong EBITDA growth from Consumer Singapore but offset by lower EBITDA from Group Enterprise
Regional Mobile Associates' pre-tax earnings² S\$558m	+9%	+23%	<ul style="list-style-type: none"> › Strong operating performance by Airtel India › Strong mobile data growth
Underlying net profit S\$920m	-8%	Stable	<ul style="list-style-type: none"> › Higher Airtel Africa taxes
Net profit S\$898m	+4%	+13%	<ul style="list-style-type: none"> › Lower net finance expense › Exceptional losses in prior year
Free cash flow S\$868m	-31%		<ul style="list-style-type: none"> › Phasing of capital expenditure › Weaker Australian dollar

1. Assuming constant exchange rates from corresponding periods in FY2013.

2. Excluding exceptional items.

Foreign exchange movements

Currency	Quarter ended 31 March 2014			Year ended 31 March 2014	
	Exchange rate ¹	Increase/ (decrease) against S\$		Exchange rate ¹	Increase/ (decrease) against S\$
		YoY	QoQ		
1 AUD ² 	1.1383	(11.5%)	(1.8%)	1.1737	(8.4%)
IDR 	9,346	(19.6%)	(0.9%)	8,655	(12.9%)
INR 	48.5	(10.5%)	2.0%	48.2	(10.0%)
PHP 	35.3	(7.3%)	(1.4%)	34.5	(3.3%)
THB 	25.7	(6.6%)	(1.2%)	24.9	(0.8%)

1. Average exchange rates for the quarter and year ended 31 March 2014.

2. Average A\$ rate for translation of Optus' operating revenue.

Group Q4 FY14 highlights

Group Consumer

- › Singapore's fastest 4G network¹
- › Optus 4G coverage at 75% metro population; 3G coverage at 98% national population
- › Enhanced Optus retail experience with rebranded stores
- › Strategic partnership with Samsung to deliver innovative and richer mobile data experience across the Group



Group Enterprise

- › Launched Bridge M-2-M Regional Alliance
- › Ramp-up of cloud solutions
 - Increased G-Cloud take-up
 - UCaaS² launch in Asia Pacific
- › Best Innovative Managed Services Provider in China³



Group Digital Life

- › Launched Innov8Sparks across SingTel's footprint
- › Secured broadcast of FIFA World Cup 2014 for Singapore









1. Straits Times Digital Life and OpenSignal.
2. Unified Communications-as-a-Service.
3. Awarded by China Network World publication.

Net profit grew 4% for Q4 and the full year

	3 months to			12 months to		
	Mar 14	Mar 13	YoY % change	Mar 14	Mar 13	YoY % change
Operating revenue	4,128	4,481	(7.9%)	16,848	18,183	(7.3%)
EBITDA	1,297	1,428	(9.2%)	5,155	5,200	(0.9%)
- margin	31.4%	31.9%		30.6%	28.6%	
Associates pre-tax earnings ¹	580	540	7.3%	2,201	2,106	4.5%
EBITDA & share of associates' pre-tax earnings	1,863	1,969	(5.3%)	7,357	7,306	0.7%
Depreciation & amortisation	(534)	(551)	(3.1%)	(2,133)	(2,127)	0.2%
Net finance expense	(44)	(64)	(31.7%)	(181)	(298)	(39.2%)
Profit before EI and tax	1,286	1,354	(5.0%)	5,043	4,880	3.3%
Tax	(366)	(352)	3.9%	(1,428)	(1,267)	12.7%
Underlying net profit	920	1,001	(8.1%)	3,610	3,611	-
Exceptional Items (post tax)	(21)	(132)	(84.0%)	42	(103)	NM
Net profit	898	868	3.5%	3,652	3,508	4.1%

1. Excludes exceptionals.

FY2014: Met guidance

	Guidance ¹	Actual	
Revenue	Decline by mid single digit level ²	-7%	
EBITDA	Decline by low single digit level ²	-1%	
EBIT (excluding associates' contributions)	Decline by mid single digit level ²	-2%	
Free Cash Flow (excluding dividends from associates)	Approximately S\$2.0b	S\$2.2b	
Capital Expenditure	Approximately S\$2.2b ³	S\$2.1b	
Ordinary Dividends from Regional Mobile Associates	To grow	+17%	

1. Guidance as at May 2013 unless otherwise indicated.

2. Guidance updated in August 2013.

3. Guidance updated in February 2014.

Total dividends 16.8¢ per share

Dividend payout

74%
of underlying net profit

Proposed final dividend

> payable in Aug 2014

10.0¢

Interim dividend

> paid in Jan 2014

6.8¢

Total ordinary dividends

16.8¢

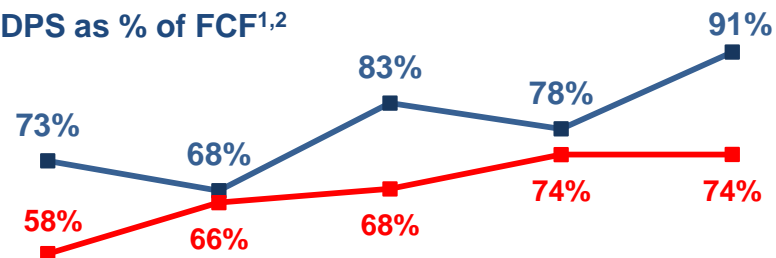
Dividend
payout ratio

60% to 75%
of underlying net profit

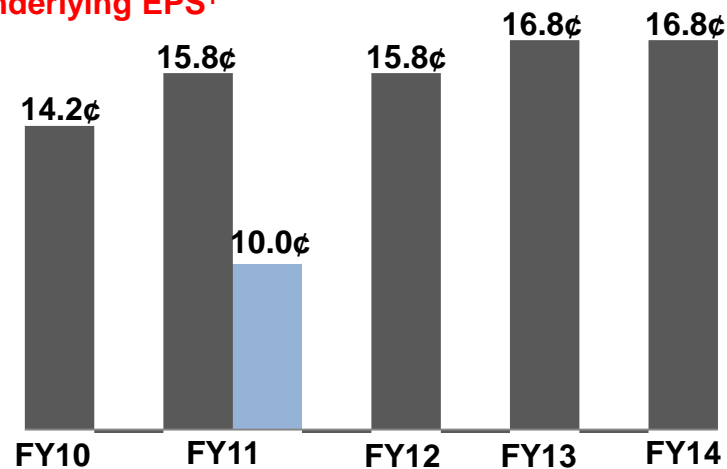
5 year ordinary dividends

> steady growth

DPS as % of FCF^{1,2}



DPS as % of
underlying EPS¹



■ Ordinary dividend per share

■ Special dividend

1. Does not include special dividends in FY11 – 10.0c

2. Free cash flow after interest and tax



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Group Consumer: Strong Singapore performance

Q4 FY14	% change (reported)	% change (at constant curr) ¹	SIN	AUS	Explanation
Revenue					
S\$2,466m	-12%	-3%	S\$565m +5%	A\$1,671m -5%	<ul style="list-style-type: none"> > Strong growth in Singapore mobile and home fixed revenues > Lower mobile and fixed revenues in Australia
EBITDA					
S\$875m	-6%	+3%	S\$200m +13%	A\$598m Stable	<ul style="list-style-type: none"> > Reduction in handset subsidies > Improved cost structure
EBITDA margins					
35.5%	+2.1ppts	+2.1ppts	35.4% +2.6ppts	35.8% +2.0ppts	<ul style="list-style-type: none"> > Strong margin expansion from cost and productivity measures
EBIT					
S\$526m	-8%	+1%	S\$138m +15%	A\$345m -3%	

1. Assuming constant exchange rates from corresponding periods in FY2013.

Singapore Consumer: Continued momentum in mobile and home services

Revenue

> Up 5%

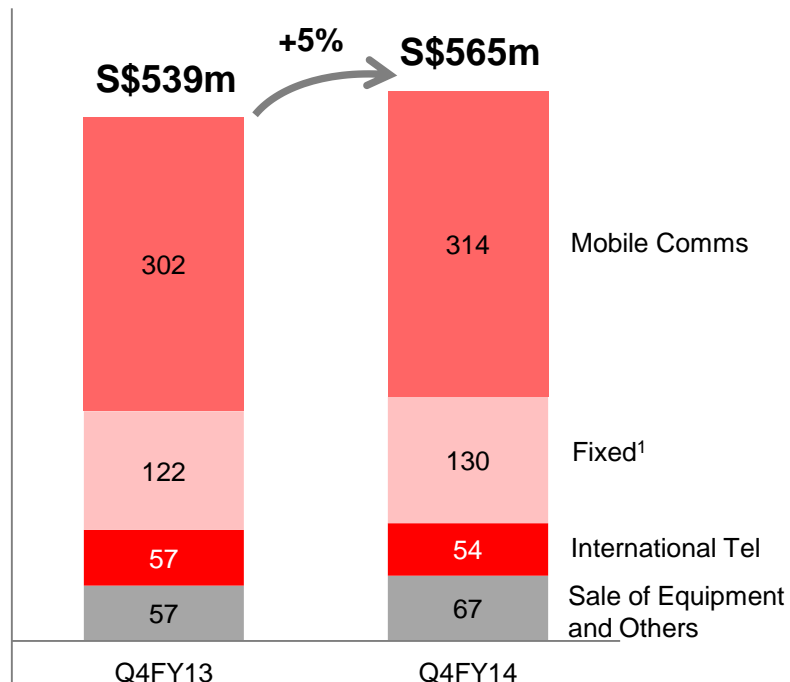
S\$565m

Consumer home revenue

> Up 6%

S\$127m

Revenue
(S\$m)



EBITDA

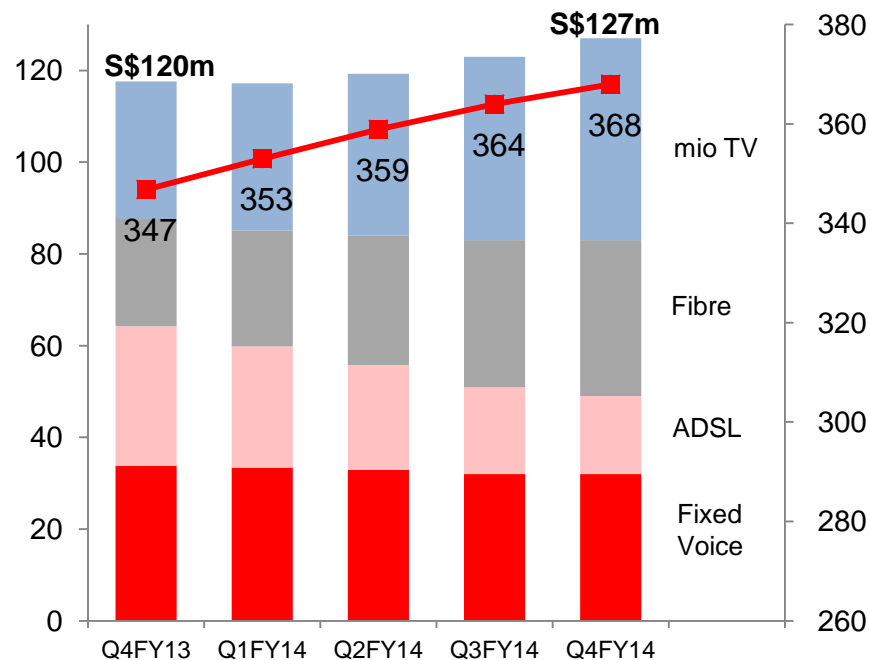
> Up 13%

S\$200m

Revenue
(S\$m)

—■ Customers on triple bundles

Customers
(‘000)



Household ARPU

> Up 4%

S\$58

Households on bundles

> Up 6%

368k

1. Fixed services revenue comprises Internet, National Telephone and mio TV.

Australia Consumer: Stable EBITDA with focus on driving 4G growth

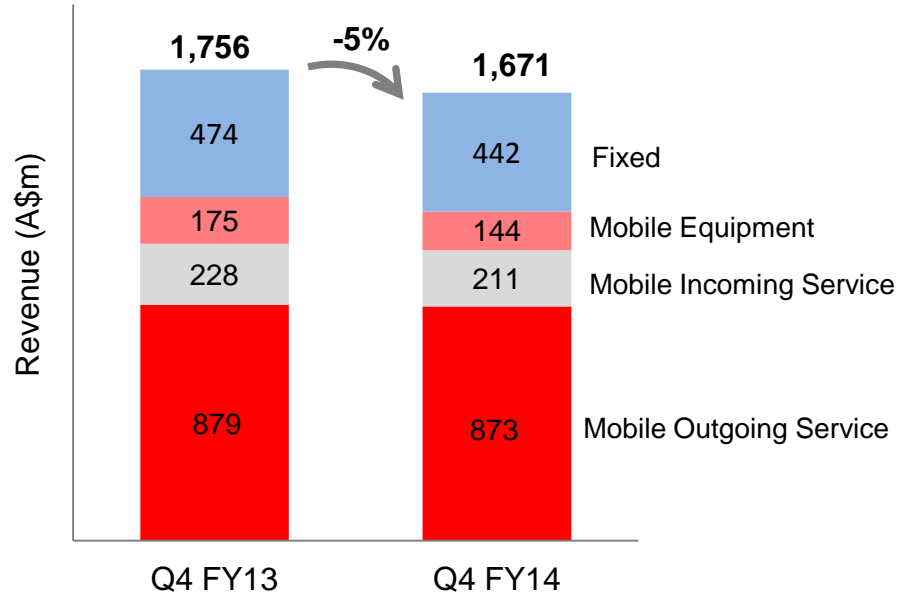
Revenue

> down 5%

A\$1,671m

Mobile Outgoing Service Revenue

Stable



- > Higher data revenue growth with My Plan
 - 864k customers¹; 32% penetration of branded postpaid voice customers
 - 31% of customers “tiered up”² during Q4
- > Increasing 4G penetration
 - 2.15m 4G handsets on the network¹
 - 1,784 4G sites deliver 75% on-street metro population coverage¹

EBITDA

- > stable on lower selling costs
- > margin up 2ppts to 36%

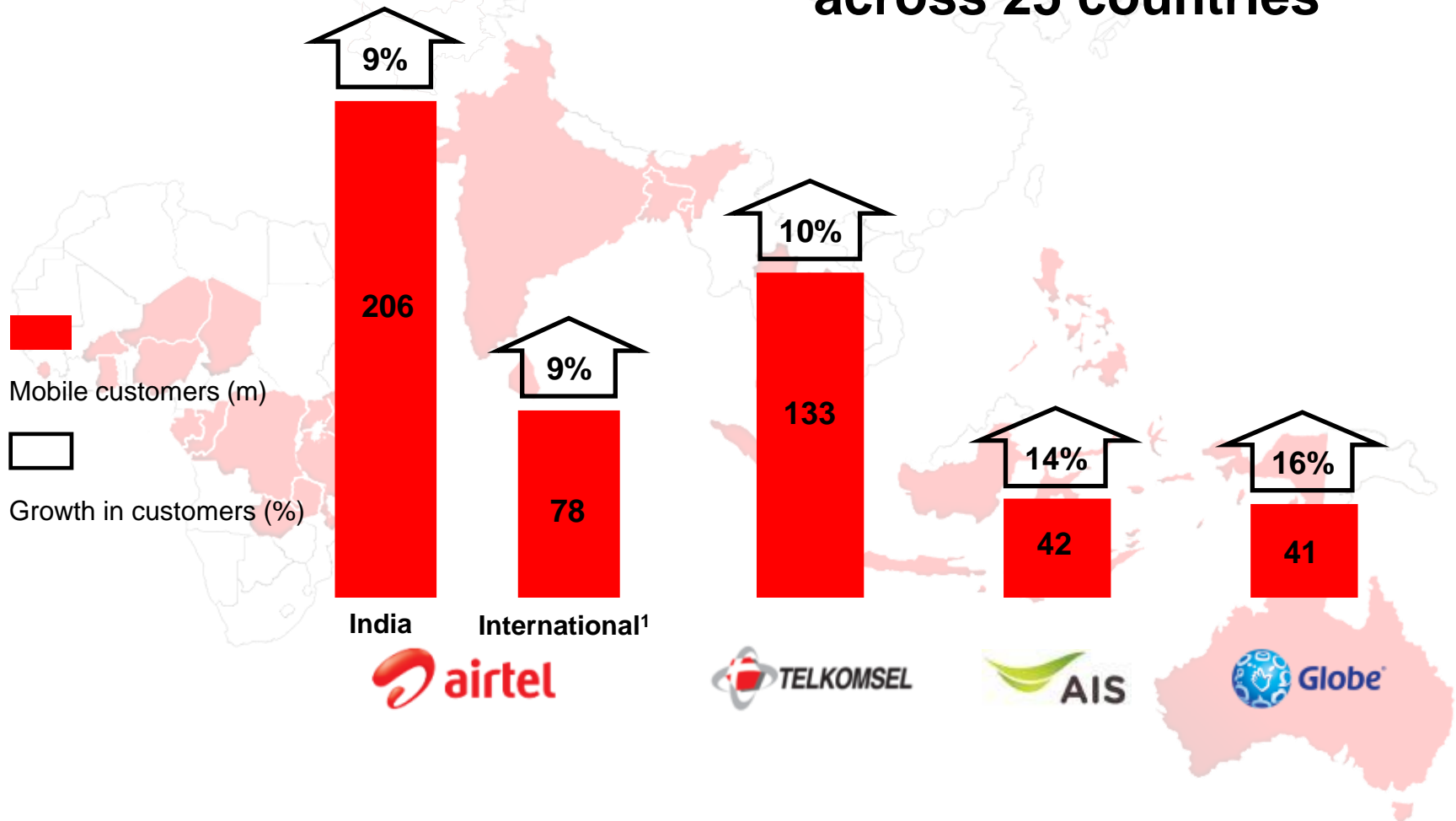
A\$598m

1. As at 31 March 2014.
 2. Moved to a higher data tier for at least 1 month due to exceeded data allowance.

Regional mobile associates – customer growth

514 million mobile customers...

across 25 countries



Regional mobile associates delivered strong performance

Q4 FY14	PBT ¹ (S\$m)	% Change (S\$)	% Change (local curr)	Highlights
Regional Mobile	558	+9%	N.A.	<ul style="list-style-type: none"> › Up 23% in constant currency › Strong data growth momentum
Telkomsel	216	(11%)	+7%	<ul style="list-style-type: none"> › Growth in voice and data offsets higher network maintenance and depreciation costs
Airtel	170	78%	+97%	<ul style="list-style-type: none"> › India: higher ARPU and strong mobile data growth › Africa: mobile data growth but offset by declines in mobile termination rates
AIS	108	(10%)	(4%)	<ul style="list-style-type: none"> › Revenue impacted by political tension and weak consumer sentiment › Higher 3G rollout costs
Globe ²	64	+13%	+22%	<ul style="list-style-type: none"> › Growth in mobile customers › Higher customer acquisition costs offset by lower depreciation charges

1. Excluding exceptional items – compared to 3 months to Mar 2013.

2. Globe's accelerated depreciation arising from network modernisation & IT transformation has been classified as a Group exceptional item.



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Group Enterprise: Cautious business environment

Q4 FY14	% change (reported)	% change (at constant curr) ¹	Explanation
Revenue S\$1,613m	-3%	+1%	› Up 3% excluding one-off revenue ^{1,2}
EBITDA S\$490m	-12%	-10%	› Keen competition and change in business mix to ICT services › Down 5% excluding one-off revenue ^{1,2}
EBITDA margins 30.4%	-3.2 ppt		› Impacted by prior year's one-off revenue ² and change in business mix
EBIT S\$317m	-16%	-16%	› Down 8% excluding prior year's one-off revenue ^{1,2}

1. Assuming constant exchange rates from corresponding periods in FY2013.
2. One-off contract revenue of S\$33 million (A\$25 million) recognised in Q4 FY13.

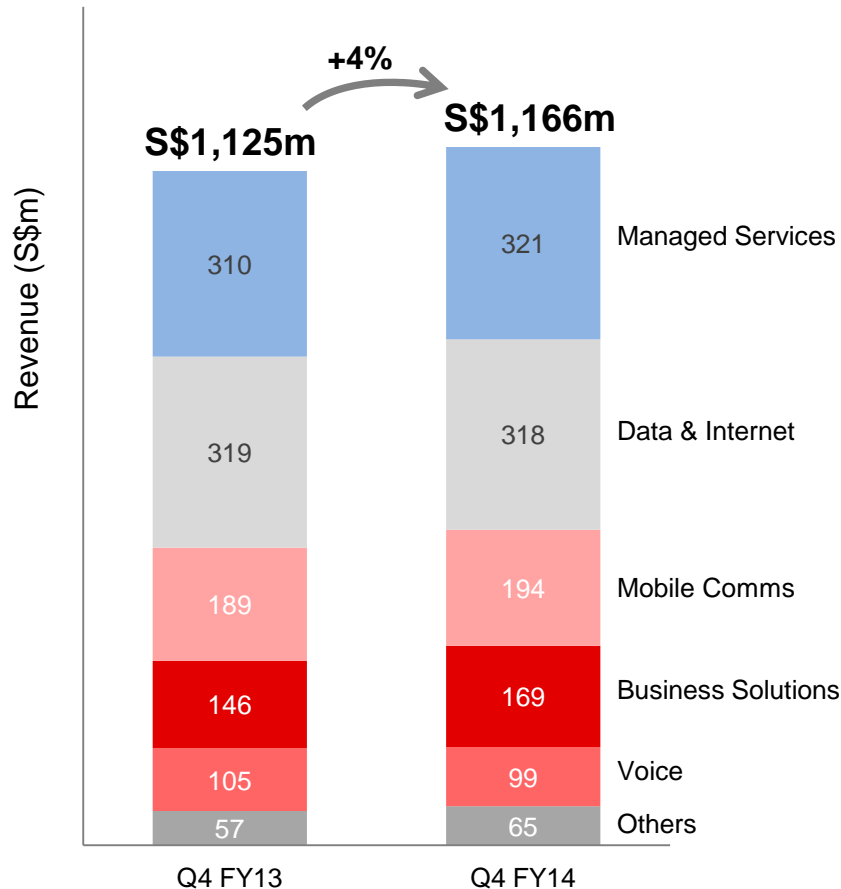
Singapore Enterprise: Leadership in Asia Pacific

Revenue

S\$1,166m

> up 4%

Highlights



- > Investments in submarine cable (SMW5) and data centres
- > Launched new products in M2M video surveillance and Media Delivery Platform
- > Solid IT Services order book **S\$2.1b** with major infrastructure outsourcing wins

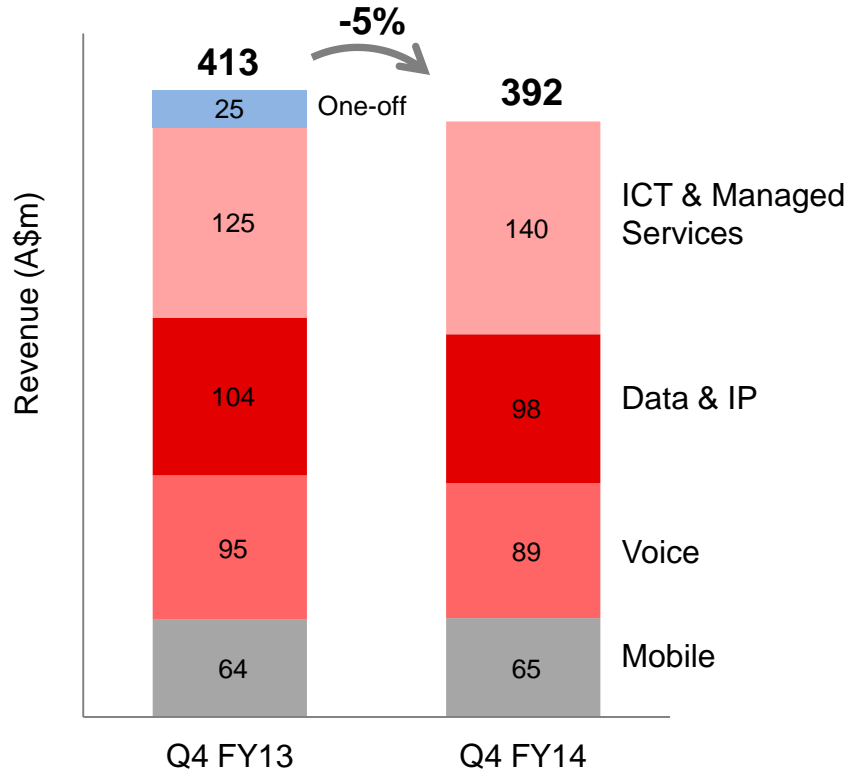
Australia Enterprise: Stable underlying performance

Revenue

> down 5%

A\$392m

Highlights



- > **ICT Services Growth +12%**
- > **Launched UCaaS¹ and Contact-Centre-as-a-Service in Sydney and Melbourne**



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Group Digital Life: Driving revenue growth in digital services

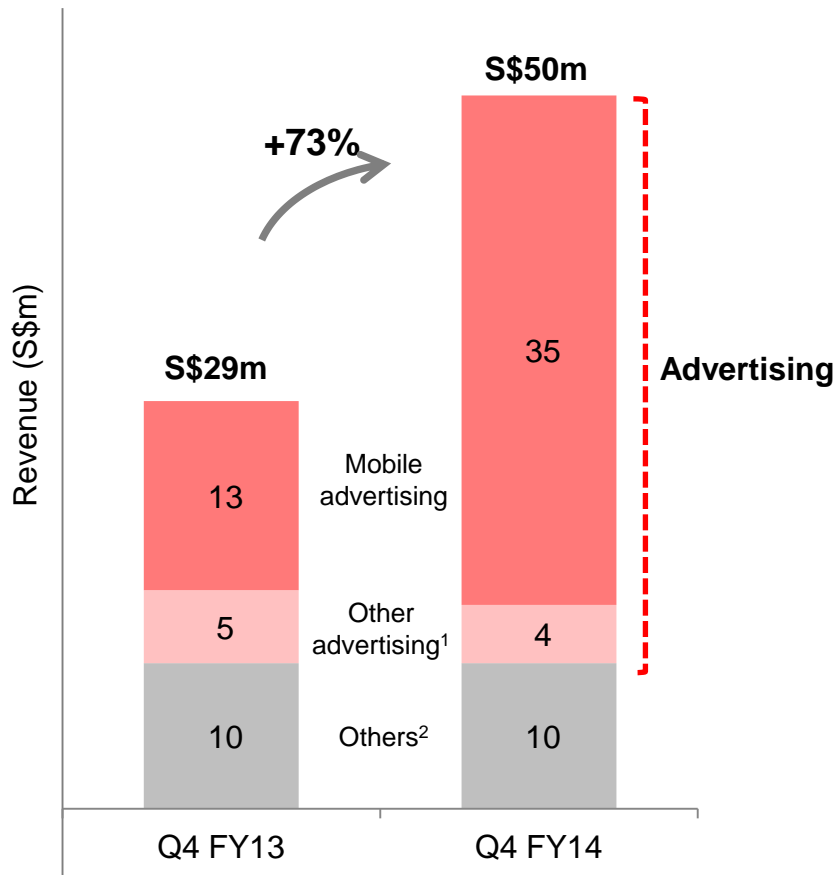
Q4 FY14	% change (reported)	Explanation
Revenue S\$50m	+73%	› Strong growth momentum in mobile advertising
OPEX S\$104m	+67%	› Higher selling and administrative costs and staff expenses
EBITDA (S\$55m)	(67%)	› Higher start-up losses
EBIT (S\$67m)	(47%)	› Investments in digital businesses

Group Digital Life: Strong growth in mobile advertising

Advertising revenue

S\$40m

> Up 114%



[a·mo·bee]

> Q4 FY14: strong revenue growth **+170%**

> Outperformed global mobile advertising growth³ of 65 – 85% in FY2014

> Strong growth in Asia Pacific

- Contributes more than 40% of FY2014 revenue (FY2013: ~7%)

- Key markets : Australia, Singapore, China

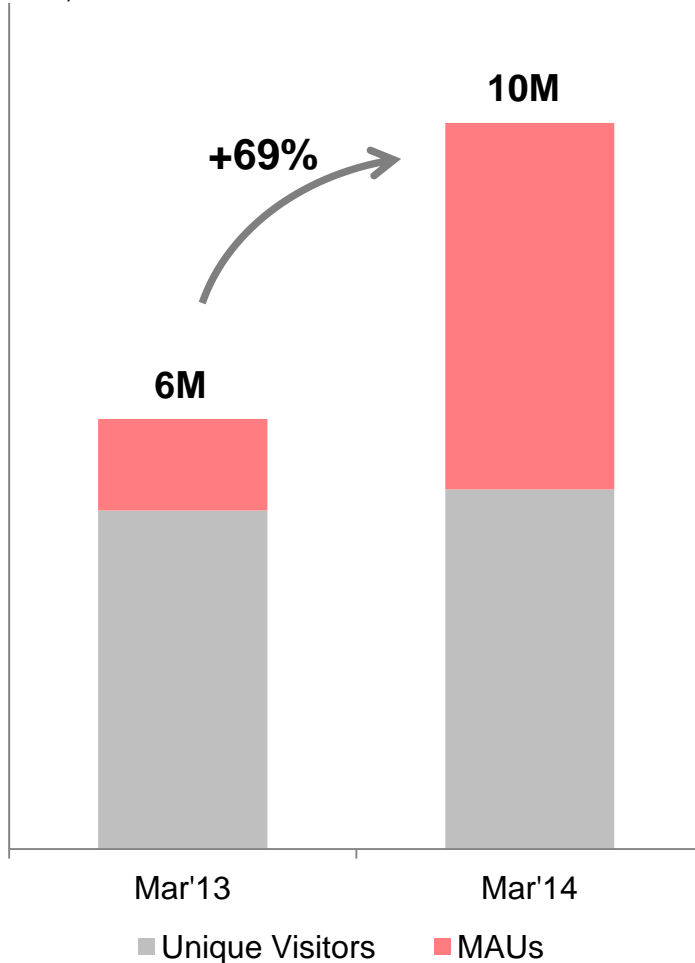
> Key customers



1. Comprise advertising revenues mainly from internet and TV.
 2. Comprise revenues mainly from e-commerce, concierge and hyper-local services.
 3. Sources: Magna Global for 2013; YoY growth of 85%; eMarketer: Worldwide Ad Spending Forecast 2013.

Group Digital Life: Increased user engagement

Unique Visitors / MAUs¹ (millions)



Key Strategic Digital Services



Regional Mobile Video Initiatives

Creating value for Airtel & Telkomsel

- › Additional data uptake
- › Premium users leading to increase in prepaid ARPU
- › Churn reduction

1. Monthly active users.



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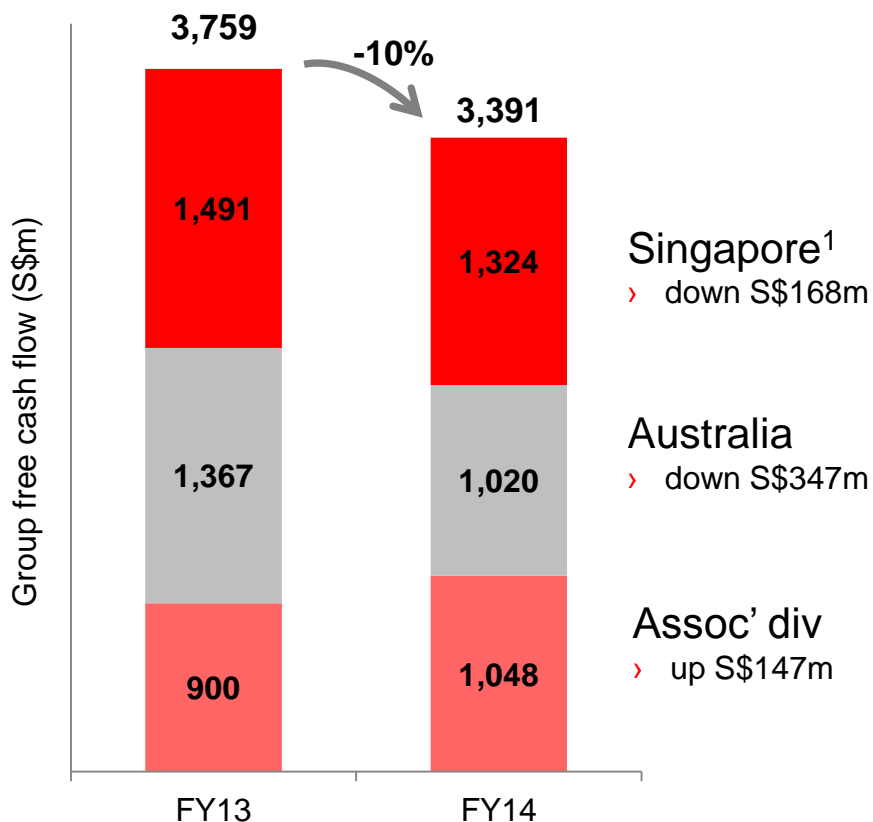
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Sound financial position

Free cash flow¹

S\$3,391m



Solid balance sheet

Net debt **S\$7.5 b**

Net gearing² **24.0%**

Net debt: EBITDA & share of associates' pre-tax profits **1.0x**

EBITDA & share of associates' pre-tax profits : Net interest expense **28.7x**

S&P's rating **A+**

Moody's rating **Aa3**

1. For FY14 free cash flow from Singapore has been adjusted to exclude payment of S\$143 million to NetLink Trust in consideration of tax benefits utilised by the Group. The S\$143 million was subsequently applied by NetLink Trust towards its acquisition of OpenNet.

2. Ratio of net debt to net capitalisation, which is the aggregate of net debt, shareholders' funds and minority interests.

FY15 Outlook¹

Group	Revenue	Stable
	EBITDA	Stable
	Capital expenditure	Approx. S\$2.3b Approx. S\$900m for Singapore Approx. S\$1.4b for Australia
	Free cash flow ²	Stable
	Ordinary dividends from Regional Mobile Associates	Approx. S\$1.0b
Core Business³	Revenue	Stable
	EBITDA	↑ low single digit level
	Singapore Mobile Communications revenue	↑ mid single digit level
	Australia Mobile Service revenue	↓ low single digit level
	Group ICT ⁴ revenue	↑ low single digit level
Group Digital Life (for existing businesses only)	Revenue	↑ approx. 50%
	EBITDA	Negative EBITDA to decrease approx. 20%

1. Guidance is given on a constant currency basis
2. Excluding spectrum payments of approx. S\$900m and associates' dividends

3. Comprises Group Consumer and Group Enterprise
4. Comprises Managed Services and Business Solutions



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Singapore Mobile

Mobile revenue

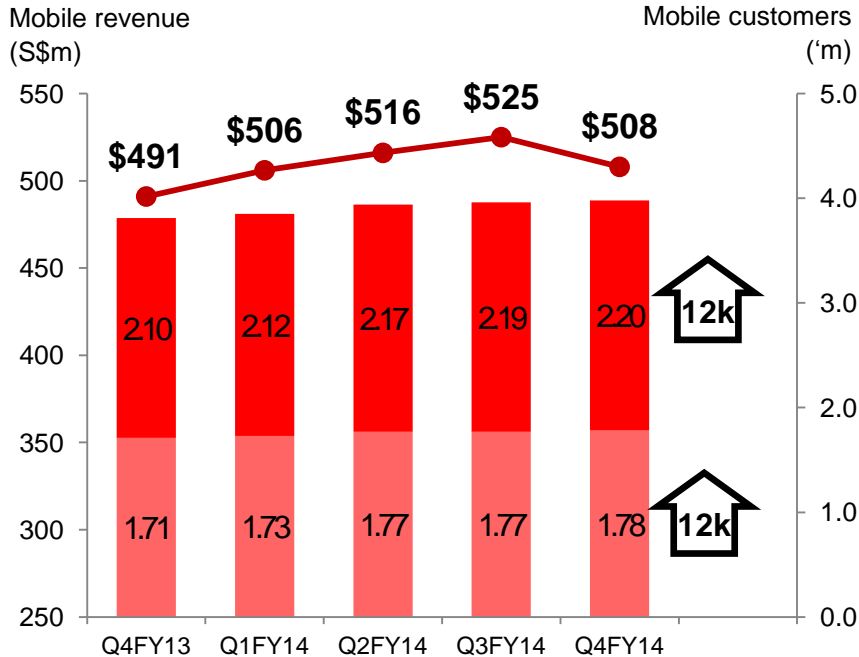
S\$508m

> up 3%

4G customers

1,074k

> up 175k QoQ



● Mobile revenue ■ Prepaid customers ■ Postpaid customers

Tiered data plans

- > Postpaid customers on tiered plans ¹ **50%**
- > Tiered plans customers who exceed data bundles **16%**

Postpaid ARPU

S\$75

- > down 4%
- > down 1% excluding data-only SIMs and mobile share plans³

Postpaid SAC²

S\$263

- > down 9%

1. If excluding data-only SIMs, 60% of postpaid customers were on tiered plans.

2. Subscriber acquisition cost per customer.

3. Data-only SIMs refer to wireless broadband plans excluding voice. Mobile share plans refer to supplementary lines which share data, voice & text allowances of postpaid plans.

Singapore Fixed

mio TV revenue

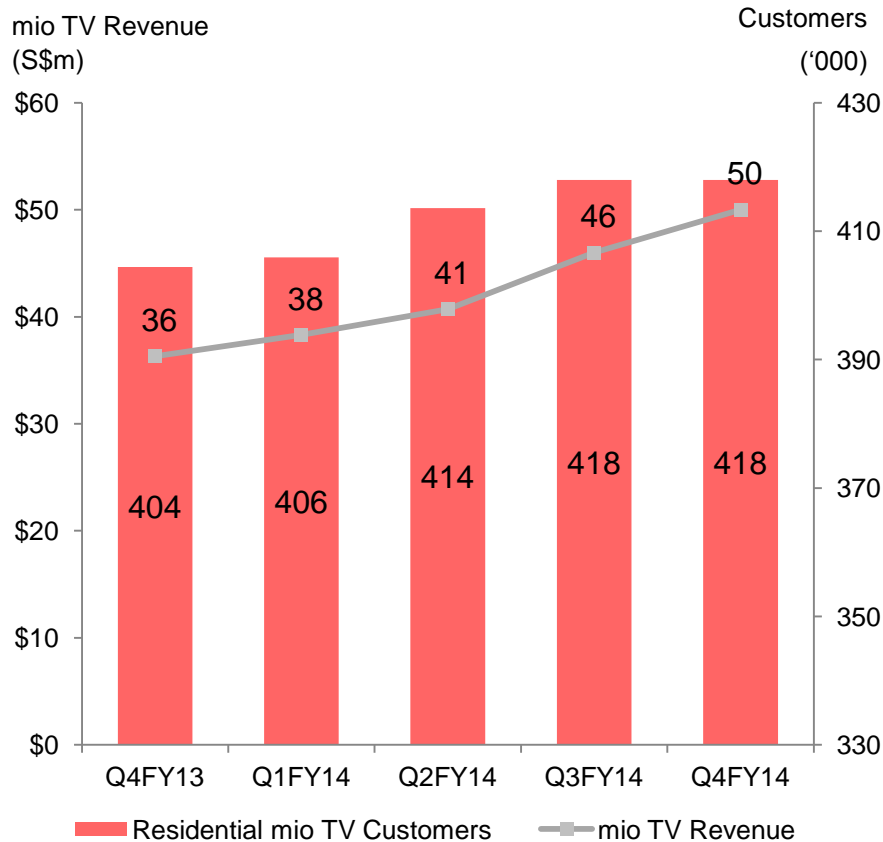
S\$50m

> Up 38%

mio TV ARPU

S\$35

> Up 41%



mio TV Go downloads

178k

> Up 26k QoQ



Fibre customers¹

321k

> Up 30k QoQ

1. Refers to residential and corporate subscriptions to broadband internet services using optical fibre networks.

Australia Mobile

Mobile revenue

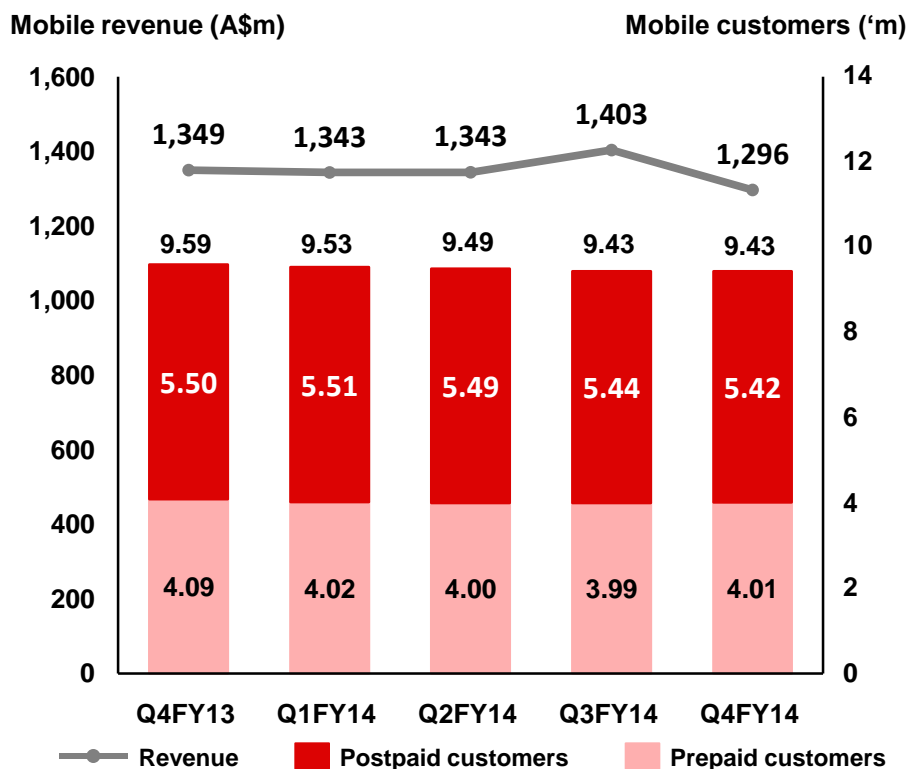
A\$1,296m

> down 4%

4G handsets

2.15m

> up 342k QoQ



Postpaid

- > ARPU **A\$52**
 - down 3%
- > Net adds **-18k**
- > Churn **1.3%**
 - down from 1.6%
- > SAC¹ **A\$239**
 - up 14%

Prepaid

- > ARPU **A\$24**
 - up 7%
- > Net adds **+20k**
- > SAC¹ **A\$11**
 - down 18%

1. Subscriber acquisition cost per customer

Trends in constant currency terms¹

3 months to Mar 14	Q4 FY14 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant curr)¹
Group revenue	4,128	(7.9%)	(1.1%)
Group reported NPAT	898	3.5%	12.7%
Group underlying NPAT	920	(8.1%)	–
Optus revenue	2,352	(15.8%)	(4.9%)
Regional Mobile Associates pre-tax earnings ²	558	8.5%	22.6%

12 months to Mar 14	FY14 (reported S\$m)	YoY % change (reported S\$)	YoY % change (at constant curr)¹
Group revenue	16,848	(7.3%)	(2.3%)
Group reported NPAT	3,652	4.1%	10.1%
Group underlying NPAT	3,610	–	5.9%
Optus revenue	9,936	(13.2%)	(5.2%)
Regional Mobile Associates pre-tax earnings ²	2,115	5.6%	14.9%

1. Assuming constant exchange rates from corresponding periods in FY2013.

2. Based on the Group's share of associates' earnings before exceptionals.



SingTel